



V.J. ST. PIERRE, JR.
PARISH PRESIDENT

MONIQUE GRANIER, OHST, CRM, CIC
RISK MANAGER

ST. CHARLES PARISH

RISK MANAGEMENT OFFICE

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MEMORANDUM

TO: V.J. St. Pierre, Jr., Parish President

FROM: Monique Granier, OHST, CRM, CIC
Risk Management Officer

RE: 2011 Risk Management Office Annual Report

Continued Risk Management Office Accomplishments:

"Risk Management is the practice of protecting an organization from financial harm by identifying, analyzing, and controlling risk at the lowest possible cost."

Risk Management is an ongoing process of identifying exposures, measuring them against the Parish's loss withstanding capabilities, and the handling of risk with appropriate control, transfer and financing techniques.

The Risk Management Office continued success is accomplished as a team effort in working with all other departments and support from the Administration.

I. GENERAL LIABILITY & AUTO LIABILITY INSURABLE CLAIMS:

- The Parish currently has an SIR (Self Insured Retention) or a deductible, if you will, of \$50,000 per occurrence with an Aggregate or a limit/cap of \$500,000. All claim costing in excess of the SIR means the insurance company pays this portion up to the policy limit. Our Insurance Carrier and our TPA Gallagher Bassett reviews all claims activity, but especially those above the SIR.
- **The Parish has filed 20 insurable claims for 2011.**
- The current policy period is 03/01/10 – 03/01/11 therefore;
 - **The annual report is due two months prior to the policy period ending.**
 - The final figures and overall costs **WILL** increase
 - The annual report cannot reflect the potential lawsuits that maybe filed in 2012 for the 2011 policy period (claimants have one year after incident to file a lawsuit).

- The **20 insurable claims made for the 2011 policy period currently total \$66,230.50 of the \$500,000 Aggregate or SIR (Self Insured Retention that is a significant cost savings from the prior year.**
- In 2010, the Parish had 13 insurable claims at \$167,868.40 of the \$500,000 Aggregate or SIR (Self Insured Retention Fund).
 - With only two months remaining in the 2011 policy period, the Parish has four 3rd party bodily injury claims that were all denied by our TPA, but remain open pending possible litigation.
 - The Parish to date has filed more claims, but significantly less in the cost of the claims.
- The in house losses consist of claims for \$1,600 or less and all Parish Departments fund the in house losses annually to pay for “expected” losses related to our general operations of Parish Government.
- **Expected Losses known as “the cost of doing business” must stay absorbed within the Parish budget to avoid insurance premium increases.**
- In the 2011 policy period, the Risk Management Office handled 170 “in house loss claims” at cost of \$48,526.61 – again fewer claims, but an increase in the amount of the claims compared to last year. One significant reason for the increase is that when Parish vehicles are involved in an accident whereby the Parish is at fault, the cost of repairs under \$10,000 must be paid from the “in house loss fund” and therefore these claims are outside of the SIR.
- The Risk Management Office is responsible for having all trees that are requested to be cut down looked at by the County Agent and assuring that the tree is legally on Parish servitude prior to writing a work order for the tree removal.
- The Risk Management Office also investigates countless residential complaints, public safety concerns, employee safety related complaints, and assures someone responds twenty four hours a day, three hundred and sixty five days a year.

II. PROPERTY INSURANCE CLAIMS:

- The Parish deductible for property damage claims is \$100,000 SIR (per occurrence) with named storms having a much higher deductible.
- Since my tenure in 2000, the Parish only exceeded the \$100,000 property deductible with damage to the Parish Courthouse in 2005 for Hurricane Katrina
- The Parish to date has had only two “first party” property damage claims in the 2011 policy period (with three months remaining in the policy period) costing a total of \$2,124.50 – roughly \$10,000 increase since 2010.
- The Risk Management department added seven new buildings to the property list to include an “in house” appraisal to determine insurable values. The Parish deleted five old buildings that were demolished. The appraisals completed in house saves the Parish tens of thousands of dollars and consists of a professional property appraisal file.
- The Parish is slated to add three more new buildings in 2012 to include the civic center, EOC building, and animal control building.

III. **Continued decline in the number of claims & costs to handle claims by a 3rd party administrator (TPA).**

- Risk Management handled a total of 190 claims (20 SIR claims & 170 In House Loss Fund) for 2011. The Third Party Administrator (TPA) firm charges an average of \$1,000 for every claim they handle meaning without a Risk Management Office to handle these claims, the Parish would have paid a minimum of \$140,000 in claims fees – this alone pays the salaries of Risk Management and makes our office pay for itself.
- Prior to my tenure in 2000, **all Parish claims were handled by a 3rd party TPA from 1995-1999 whereby a fee of one thousand dollars or more was assessed per claim on an average of forty claims per year.**
- The Parish now has a flat fee payment for claims handled by our TPA since they are always fewer than 6 claims per year because Risk Management handles all claims with exception of bodily injury per the insurance contract.

IV. **Risk Management involvement in insurable lawsuits against the Parish continues in savings of thousands of dollars in legal fees and settlement costs.**

- The continued practice of active Risk Management in all actual and potential claims along with support from all Departments and the Administration continues to minimize litigation against the Parish.
- The number of lawsuits filed against the Parish continued to be reduced significantly since the year 2000.
- The Parish has a total of **two open insurable lawsuits from 2009.**
- The two open suits involve (1) a class action suit against the Parish and Dow for the chemical release in 2009, (2) lawsuit involving alleged violations in constitutional re-zoning in 2009. The Parish will only be responsible for meeting the \$50,000 SIR in each of the lawsuits for the defense costs.

V. **Continued Decrease in the frequency of Worker's Compensation Claims and reducing the cost of Worker's Compensation Claims for 2010.**

- In 2011, the Parish had only 43 claims. However, the Parish had (1) catastrophic claim that to date has cost 1.1 million of the 1.25 million in costs.
- In 2010, the Parish had 63 claims costing \$157,629.02. In 2009 the Parish had 67 claims costing in total incurred cost of \$325,462.66.
- *Note: Work Comp claims do not fully mature until five years out meaning the claims costs may increase.
- **Since the Parish had a catastrophic claim, the Parish will not receive any refunds or cash back for the 2011 SIP Worker's Compensation Program.** St. Charles Parish purchases Worker's Compensation Insurance under a "SIPP" known as a Loss Sensitive Incentive Premium Program whereby the Parish has the potential to receive safety incentives based off our performance. * This type of insurance is rarely offered to government agencies and the Parish continues to save money on premiums with this program.